



Municipal Telecommunications License Tax

Q: What types of telecommunications services are being taxed?

A: Telecommunications services subject to the license tax include both "telephone service" and "mobile telecommunications service," as they are defined by Utah Code §59-12-102, which originate and terminate within the boundaries of Utah. These are essentially the same criteria used to determine which telecommunications services are subject to Utah sales tax. See Utah Code §10-1-402 for definitions.

Q: Who pays the license tax?

A: The license tax is imposed on telecommunication service providers. A telecommunications provider may recover the amounts paid in Municipal Telecommunications License Tax from its customers through a charge that is separately identified in the statement of the transaction with the customer as the recovery of a tax. See Utah Code §10-1-403.

Q: What if I don't owe the license tax?

A: If your company does not provide services that would be subject to the telecommunications license tax, please complete the enclosed **Checklist and Questionnaire**, and Sections A, C, & D of the enclosed **Summary**, and return them in the envelope provided. Please include an explanation for why the license tax does not apply to your company's services.

Q: What if our company provides both telecommunication services and non-telecommunication services as part of the same transaction?

A: To be exempt from the license tax, the non-telecommunication services must be stated separately from telecommunications services. They must either be separately stated on the customer's statement, or you must be able to reasonably identify both portions of the combined charges in your company's books and records. If the telecommunications and non-telecommunications charges are not separately stated, the entire amount of those services is taxable. See Utah Code §10-1-410.

Q: How is the license tax remitted to the Tax Commission?

A: A licensed company sends payment either by check or Electronic Funds Transfer. Two separate forms are used to report the tax, TC-34 and TC-34Q. TC-34 is a coupon that shows the gross receipts amount, an adjustments amount, and the amount of the license tax. Form TC-34Q provides the details of the amounts on the TC-34 at the municipal level. The TC-34 is mailed to the Tax Commission while the TC-34Q is submitted to the Tax Commission in a fixed length flat file with a text format. See www.tax.utah.gov/forms/current/tc-34.pdf for Form TC-34. Instructions for submitting TC-34Q can be obtained by contacting Kray Hammond at (801) 297-3540.

For purposes of this self-review only, no form TC-34 or TC-34Q will be required for the self-review period of July 1, 2004 to August 31, 2005. If you owe the tax, simply submit the completed forms from this package along with a check to "Utah State Tax Commission" for payment of all license tax due for the self-review period. **Beginning September 2005, use the forms described above to report and pay the license tax each month.**

Q: How often should the license tax be remitted?

A: The license tax is filed on a monthly basis, regardless of whether a company's filing period for sales tax is monthly, quarterly, or annually. The license tax is due by the last day of the month following the calendar month in which the telecommunications services are billed. See TC-34.

Note: For this self-review, information is generally being reported quarterly for convenience, but this does not reflect the way in which the license tax should be remitted in the future.

Q: Where can the tax laws and rules regarding the license tax be found?

A: Utah Code Title 10, Chapter 1, Part 4 (Sections 10-1-401 through 10-1-410); Administrative Rule 865-19S-118.

See the Tax Commission's website at <http://tax.utah.gov/research/> for the text of the Utah Code and Administrative Rules.